

Message Text

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11

ACTION EB-11

INFO OCT-01 EUR-25 IO-12 ADP-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 RSR-01

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R 180915 Z MAY 73

FM USMISSION GENEVA

TO SECSTATE WASHDC 9393

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY VIENNA

USMISSION EC BRUSSELS UNN

USMISSION OECD PARIS UNN

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E. O. 11652: N/ A

TAGS: ETRD, EEC, GATT, EFTA, AU, IC, NO, PO, SW, SZ

SUBJECT: EC- EFTA

REF: GENEVA 1067

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BEGIN SUMMARY: TIMETABLE, STATUS OF DOCUMENTATION, AND
MISSION SUGGESTIONS CONCERNING US POSITION IN GATT
EXAMINATIONS OF EC- EFTA ARRANGEMENTS REPORTED HEREWITH.
END SUMMARY

1. GATT AIRGRAMS 1004 THROUGH 1008 GIVE SCHEDULE FOR
FIVE SEPARATE GATT WORKING PARTIES TO EXAMINE EC- EFTA
ARRANGEMENTS STARTING WITH SWITZERLAND MAY 28-30 (WITH BREAK
MORNING MAY 29 FOR GATT COUNCIL) AND SWEDEN, AUSTRIA,
PORTUGAL, ICELAND JUNE 4-6. EXPECTATION IS EC- SWISS ARRANGE-
MENT WILL BE EXAMINED IN GREATER DETAIL (SINCE MAIN
POINTS ARE COMMON TO ALL FIVE ARRANGEMENTS) AND DELEGATIONS
WILL NOT NEED TO REPEAT THEIR ARGUMENTS FIVE TIMES EVEN
THOUGH SEPARATE RECORDS WILL BE PREPARED FOR EACH WORKING
PARTY (DELEGATIONS BEING FREE OF COURSE TO HAVE RECORD REFLECT
THEIR COMMENTS ON EC- SWITZ WHERE RELEVANT TO OTHER WPS AS
WELL).

2. MISSION EXPECTS THERE WILL BE CRITICAL COMMENTS FROM
THE HANDFUL OF LDC MEMBERS OF WPS ABOUT VIRTUAL ELIMINATION
OF GSP PREFERENCE MARGINS AS A RESULT OF INDUSTRIAL FREE
TRADE AMONG 15 (INCLUDING NORWAY) WESTERN EUROPEAN COUNTRIES.
THIS EXPECTED LDC COMPLAINT, HOWEVER, HAS NO BEARING ON
CONFORMITY OF EC- EFTA ARRANGEMENTS WITH LEGAL REQUIREMENTS
OF ARTICLE 24. AT THIS JUNCTURE WE KNOW OF NO CP LIKELY
TO JOIN US IN CONTESTING GATT LEGALITY OF THESE ARRANGEMENTS.
WE DO NOT RULE OUT POSSIBILITY OF INDUCING ONE OR TWO
(CANADA, JAPAN) TO JOIN US IF A WELL- PREPARED US CASE IS
DISCUSSED WITH THEM IN CAPITALS IN TIME TO INFLUENCE IN-
STRUCTIONS TO LOCAL REPS.

3. MISSION AWARE OF EFFORTS WASH AND AMEMBASSIES ARE
MAKING TO GATHER FACTS ON RULES OF ORIGIN ISSUE AND
CONSEQUENTLY ASSUME THIS MAY BE CENTERPIECE OF US CASE.
EVIDENCE OF RESTRICTIVENESS OF NEW R/ O COULD PROVIDE BASIS
TO ARGUE THAT THEY CONFLICT WITH REQUIREMENT OF
24:5(B) AND THAT THEY SHOULD BE MODIFIED. WASHINGTON
MIGHT WISH CONSIDER PREPARATION OF SANITIZED VERSION OF
SOME OF THE CASES REPORTED BY AMEMBASSIES AND CIRCULATION
AS GATT DOCUMENT AT OUTSET OF WPS.

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4. WILE DETAILS ON SPECIFIC PERCENTAGE OF TRADE
COVERAGE STILL MISSING (SEE PARA 5 BELOW), IT IS LIKELY
PERCENTAGES WILL BE IN 80 S AND 90 S IN ALL CASES AND
THUS PUT THESE ARRANGEMENTS IN RELATIVELY COMFORTABLE
POSITION FOR PARTIES THERETO TO DEFEND AGAINST US
CRITICISM. WASHINGTON MIGHT WANT TO CONSIDER QUESTIONING

VALIDITY OF PERCENTAGE COVERAGE IN RELATION MEANING OF 24:8(B)
IN CASE LIKE EC- SWITZ WHERE HIGHLY RESTRICTIVE
AGRICULTURAL POLICIES ON BOTH SIDES (UNAFFECTED BY IN-
DUSTRIAL FTA EXCEPT TO LIMITED EXTENT PROVIDED BY PROTOCOL 2)
INFLATES EXTENT TO WHICH RESTRICTIVE REGULATIONS OF COMMERCE
ARE ELIMINATED . (IF TWO CPS APPLY AN EMBARGO TO EACH OTHER ON
ALL TRADE EXCEPT WIDGETS, IS IT REASONABLE TO SAY FTA PER
24:8(B) EXISTS WHEN THEY ELIMINATE DUTIES ON WIDGETS?)

5. BACKLOG OF EC STATISTICAL WORK (DUE CURRENT 24:6
RENEGOTIATIONS AND COMPUTER PROBLEMS) HAS DELAYED EC
SUBMISSION OF DETAILS CONCERNING TRADE COVERAGE OF
EACH EC- EFTA ARRANGEMENT. (COVER SHEET OF EACH Q AND A
DOC STATES " NO EVALUATION OF STATISTICAL INFO CAN BE
CARRIED OUT UNTIL ALL RELEVANT INFO HAS BEEN COMPLETED.")
WITH LESS THAN 10 DAYS REMAINING BEFORE FIRST WP MEETS,
THIS COULD GIVE US A TACTICAL HANDLE TO TRY TO BLOCK
COMPLETION OF EXAMINATION IF WPS GO BADLY IN TERMS OF
COMPLETE OR RELATIVE ISOLATION OF US. EC MAY OF COURSE
SUBMIT DATA DURING WP MEETINGS AND ASSERT IT IS SELF-
EXPLANATORY AND INCONTROVERTIBLE.

6. STATUS OF DOCUMENTATION. APART FROM ADDENDA CITED
IN GATT AIRGRAMS, WHICH ARE RESERVED FOR MISSING STATIS-
TICAL DATA, ALL OTHER QS AND AS MENTIONED IN GATT AIRGRAMS
CITED PARA 1 HAVE BEEN PO
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